No. 05-202

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In The
Supreme Court of the United States

HARRY T. KEANE, JR.,

Petitioner,

v.

FOX TELEVISION STATION, INC., FREMANTLEMEDIA, LTD., and SIMON COWELL,

Respondents.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED FOR REVIEW

On June 30, 2005, Petitioner filed an *Application for An Extension of Time Within Which to File a Writ of Certiorari to the United States Court of Appeals For The Fifth Circuit*. In that Application, Petitioner stated that the Petition would concern an award of attorney's fees under the Copyright Act. Based on the representations made in the Application, it was granted. However, in the Petition for a Writ of Certiorari, Petitioner lists two additional "Questions Presented." Accordingly, Respondents object to the consideration of the second and third Questions Presented, and assert that there is only one properly presented question:

1. Whether a defendant is considered the "prevailing party" for purposes of asserting attorney's fees under the Copyright Act when the plaintiff voluntarily dismisses the copyright claim.[1]

Although Respondents object to the two additional Questions Presented, the reasons for denying review on those questions will be addressed in this brief.

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[1] This is the "Question Presented" as termed by Petitioner. In truth, the question presented is: can Keane avoid an award of attorney's fees by dismissing a Copyright Act claim at the last minute while a motion to dismiss that claim is pending?

PARTIES TO THE PROCEEDINGS

Petitioner is Harry T. Keane, Jr.

Respondent Fox Television Stations, Inc. is not a publicly-traded corporation, and its parent company is News Corporation.

Respondent FremantleMedia of North America, Inc. is not a publicly-traded corporation.[2]

Respondent Simon Cowell is an individual.

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[2] Petitioner erroneously lists "FreemantleMedia, Ltd." as a party in the Petition's case style. FremantleMedia, Ltd. was not a party to the proceedings below, and is not a party to the proceedings before this Court.

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STATEMENT OF THE CASE

Petitioner Harry T. Keane, Jr. asks this Court to review the Fifth Circuit's opinion affirming a dismissal under Federal Rule of Civil Procedure 12(b)(6) and award of attorney's fees. In the district court, Keane alleged that in 1994 he came up with the idea of a televised competition of Elvis impersonators, to be called "Elvis, Then, Now & Forever," with alternate titles of "Ultimate Starsearch," "American Idol" and "American Superstars." Keane further alleged that in the ensuing years he embellished upon his idea, but he never actually used "American Idol" on or in connection with any goods or services in commerce. Instead, his pleading alleged what Keane himself describes as his "unsuccessful" efforts to obtain investors to produce a program based on his idea.

Thus, Keane alleged that to try to raise funds to develop his concept into a television program, he "compiled a descriptive sales packet" in 1998 to send "to potential financial investors, business associates and production companies." The "descriptive sales packet" disclosed his concept, including "another unique element" he claims to have originated – "an open casting call to young adults" – as well as his idea for "spin-offs." He further alleged that on or about May 8, 1998 he mailed this "descriptive sales packet" "to a list of production companies advertising in *Variety* magazine," including Pearson TV Intl., whose advertisement in *Variety* "solicited ideas, concepts, programs and intellectual property from, *inter alia*, Keane." He also alleged that Pearson TV Intl., is "one of [defendant

Simon] Fuller's companies" in England.[3] Apparently, none of the companies responded.

Although Keane alleged that the Pearson TV Intl.'s "advertisement" in *Variety* "solicited" the submission of ideas from Keane and others, the *Variety* page attached to Keane's Complaint lists show sellers, not show solicitors, attending a television convention or market called MIP. The Pearson TV Intl. "advertisement" that Keane alleged "solicited" his idea, actually identified the representatives of Pearson TV Intl. planning to attend the convention and the two television dramas and two television game shows that Pearson TV Intl. hoped to sell at that convention. Further, the *Variety* page – which alone covers thirteen companies whose names begin with "P" – is only one page of the *Variety* issue's listing of the companies attending MIP and to whom Keane allegedly sent his "descriptive sales packet" disclosing his idea.

Keane alleged that he also tried to "market and promote" his concept "under his AMERICAN IDOL mark by placing advertisements on the Internet," though his pleadings contained no descriptions or examples of the advertisements. Keane further alleged that in 2000, one Daniel Schomaker bought a 15% interest in Keane's company, NuVista Cinema Ent., Inc., and their "agreement references [the company's] projects as 'Elvis, Then, Now & Forever,' 'A Child's Wish' and 'American Idol.'" Keane continued to try to obtain "investors for 'American Idol' but was unsuccessful," and he never produced "his" "American Idol."

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[3] Simon Fuller was never served with process in this lawsuit, and is not a party to these proceedings.

Although he alleged in detail his admitted failure to produce, let alone broadcast, "his" "American Idol," Keane also alleged in conclusory fashion that he "developed valuable" and "extensive goodwill" in "American Idol" as his own "trademark." Further, he alleged that defendants usurped that "extensive goodwill" and confused the public by producing "his" show, first in the United Kingdom under the name *Pop Idol* and then in the United States as *American Idol*.

On May 14, 2003 – which Keane later argued was just coincidentally seven days before the television broadcast of the season finale of *American Idol* – Keane filed the action below and, with a press announcement, sought an *ex parte* Order restraining the finale's broadcast. He asserted in his Original Complaint: (1) copyright infringement; (2) trademark infringement under Section 43(a) of the Lanham Act; (3) federal trademark dilution; and (4) state law unfair competition. The many exhibits attached to his Complaint included a copyright registration form – without any Copyright Office stamp – dated 1994 and which Keane alleged was the "original application" he submitted to "register his [American Idol] ideas with the United States Copyright Office," and two 1997 copyright registrations he alleged had been issued for his "American Idol" idea. He also alleged that defendants were infringing and diluting his "famous" "American Idol" trademark, but he failed to allege he had ever used that mark for goods or services in commerce.

In its May 16, 2003 Order denying Keane's *ex parte* application for a Temporary Restraining Order, the district court specifically noted that Keane failed to demonstrate ownership of a copyright in *American Idol* and that his copyright and trademark claims appeared to "lack merit."

Cowell, Fox, and FreemantleMedia (the "FMNA Defendants") filed their first Rule 12(b)(6) Motion, pointing out, *inter alia*, that the Copyright Office's records revealed that Keane had no 1994 registration and that Keane's supposed application for his "American Idol" idea was actually for a one-paragraph summary of the life of Elvis Presley.

Keane's First Amended Complaint attached yet another copyright registration, which he alleged was the true registration for his "American Idol." But – as defendants pointed out in their second Rule 12(b)(6) motion – Keane's allegation was again directly contradicted by the Copyright Office records, which showed that this registration had been issued in error and cancelled and that the Copyright Office had instructed Keane to destroy the certificate of registration he had received.

After being given yet another opportunity to replead, Keane's Second Amended Complaint abandoned the copyright claim but continued to assert federal and Texas infringement and unfair competition claims, along with state law claims again based on the same allegations. Keane again attached exhibits – this time 13 – to his pleading and those exhibits contradicted his allegations.

The district court granted the FMNA Defendants' Third Motion to Dismiss, and based in part on Keane's bad faith pursuit of his frivolous copyright and trademark claims, the district court also awarded the FMNA Defendants $129,657.40 in attorney's fees and costs. The Fifth Circuit affirmed the dismissal and award of attorney's fees in an order entered on March 17, 2005. Keane's Motion for Rehearing was denied on April 19, 2005.

REASONS THE PETITION SHOULD BE DENIED

Petitioner asked for and received additional time to file his Petition for one issue. Instead, he now seeks review for two additional issues, and has mischaracterized or omitted material facts in his Petition. Pursuant to Supreme Court Rule 15(2), Respondents file this Brief in Opposition for two reasons: (1) to set the record straight on the omissions and mischaracterizations made in the Petition, and (2) to set forth the reasons that this Court should deny the Petition.

I. BECAUSE THE AWARD OF ATTORNEY'S FEES WAS BASED ON BOTH THE COPYRIGHT ACT AND THE LANHAM ACT, THERE IS NO CONFLICT IN HOLDINGS FOR THIS COURT TO RESOLVE.

A. Petitioner fails to mention that the attorney fee award was affirmed pursuant to both the Copyright Act and the Lanham Act.

Keane initially filed his lawsuit as a copyright infringement action. After twice pleading a copyright claim, after defendants filed two motions to dismiss and after several admonishments from the district court, Keane avoided the district court's dismissal of his copyright claim only by abandoning it in his Second Amended Complaint. The remaining claims, including Keane's claims under the Lanham Act and those state law claims pre-empted by the Copyright Act, were dismissed by the district court. Keane maintains that because he did not dismiss his Copyright Act claims "with prejudice," the FMNA Defendants are not the prevailing parties.

Significantly, Keane failed to point out that the award of attorney's fees was affirmed under both the Copyright Act and the Lanham Act. Appendix A at 4. Accordingly, even if the Court agrees with Keane, this case does not present an opportunity to clarify any perceived split in authorities; a reversal on the Copyright Act basis for the fee award will not affect the propriety or amount of the fee award.

B. There is no conflict on the merits for this Court to resolve.

While Keane correctly notes that the district court relied on *Corcoran v. Columbia Broadcasting System*, 121 F.2d 575 (9th Cir. 1941) in awarding attorney's fees on his dismissed copyright claims, the authorities cited by Keane from other circuits do not demonstrate a split in the circuits on this question. Specifically, the cases relied on by Keane do not interpret Section 505 of the Copyright Act and therefore do not consider the factors required for an award thereunder. The rationale underlying *Szabo Food Service, Inc. v. Canteen Corp.*, 823 F.2d 1073, 1076-77 (7th Cir. 1987) and *Best Industries, Inc. v. CIS Bio Int'l, Inc.*, 134 F.3d 362 (4th Cir. 1998) (per curium), the cases cited by Keane, is that a voluntary dismissal preserves the plaintiff's right to re-file the same claim and therefore it is premature to say that the defendant "prevailed." However, given the exposure of Keane's deceitful use of his "copyright registration" to support his claims in the first two complaints, it is absurd to suggest that he could refile the copyright claim at a later date.

The principle announced in *Corcoran* remains unchallenged in the copyright arena. It also makes sense: even

though Keane abandoned his claim, he put the FMNA Defendants to the task of defending it and in the case below they prevailed on that claim. Therefore the Fifth Circuit correctly held that the FMNA Defendants were the prevailing parties on Keane's copyright claims.

Additionally, despite Keane's dismissal of the Copyright Act claims in his Second Amended Complaint, the district court found that his remaining state law claims were pre-empted by the Copyright Act. Appendix B at 47-49. Accordingly, because those pre-empted claims were adjudicated and dismissed by the district court, the FMNA Defendants could be said to have "prevailed" on the copyright claims. This is consistent with the authority cited by Petitioner, requiring a prevailing party to procure a "judicially sanctioned change in the legal relationship of the parties." *See Buckhannon Board and Care Home, Inc. v. West Virginia Dept. of Health & Human Serv.*, 532 U.S. 598, 605 (2001).

Moreover, contrary to Keane's assertion, the award of attorney's fees does not run afoul of FED. R. CIV. P. 41(d), which provides that if a plaintiff twice files and dismisses a case the court may order the imposition of costs. Rule 41(d) applies to all civil cases and does not limit the award of fees in an initial case pursuant to a statute, such as Section 505 of the Copyright Act, that expressly authorizes the award.

II. THE FIFTH CIRCUIT CORRECTLY APPLIED THE 12(b)(6) STANDARD IN AFFIRMING THE DISMISSAL OF ALL OF PETITIONER'S CLAIMS.

A. Petitioner mischaracterizes the partial sale of his production company.

In an attempt to demonstrate actual use of his purported "American Idol" trademark, Petitioner references a sale "15% of American Idol to an individual." However, Keane's Complaint actually demonstrated a sale of 15% of his production company, NuVista Cinema Ent., Inc., not "American Idol" itself. It is axiomatic that a corporate shareholder owns shares of the corporation's stock, not its property. *See Docudata Records Mgt. Services, Inc. v. Wieser*, 966 S.W.2d 192, 197 (Tex. App. – Houston 1998, pet. denied). Therefore, partial sale of his company is not a sufficient allegation to have sustained Keane's trademark claim.

B. Because Keane failed to allege any use in commerce of the "American Idol" mark, the Fifth Circuit properly upheld the 12(b)(6) dismissal of Keane's trademark claim.

Petitioner contends that the Fifth Circuit misapplied the 12(b)(6) standard by refusing to accept well-pleaded facts as true and construing allegations against the non-movant, Keane. However, the record emphatically demonstrates just the opposite: Keane's own non-contradictory allegations were properly construed in dismissing all of his claims.

As argued above, Keane's alleged sale of "15% of American Idol" to an individual is an insufficient "sale" to defeat a 12(b)(6) dismissal of his trademark claim. Further,

even if the sale of stock was a sale of "part of American Idol," as a matter of law it is not sufficient to fulfill the "use in commerce" requirements of 1125(a). For that reason, there is no conflict with the Ninth Circuit case of *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1160 (9th Cir. 2001) (developer of electronic tracking service that used "TeleTrak" in 35,000 postcards mailed to solicit sales and which generated 128 responses but no bona fide sales, had not used mark in commerce) or the Fifth Circuit holding in *Blue Bell, Inc. v. Farah Manufacturing Co., Inc.*, 508 F.2d 1260, 1265 (5th Cir. 1975) (clothing manufacturer's decision to use new mark and shipment of a pair of pants bearing new mark to each of 12 regional sales managers who "actively solicited accounts" to purchase the products, did not rise to use in commerce because "'sales' were not made to the public"). In both of those cases, the courts required at least one bona fide sale to a member of the consuming public using the mark in question. Here, even the most generous interpretation of Keane's allegations demonstrate that he failed to complete any such transaction using the "American Idol" mark. Therefore, there is no conflict for the Court to resolve.

C. The dismissal of Keane's implied-in-fact contract claim was properly affirmed by the Fifth Circuit and presents no conflict in authorities.

The Fifth Circuit correctly affirmed the dismissal of Keane's implied-in-fact contract claim because Keane's allegations and exhibits show that his mailing of the "descriptive sales packet" to an alleged affiliate of the FMNA Defendants was an unsolicited, unilateral act by Keane that could not, even if proven, create a contract. *See*

Kleck v. Bausch & Lomb, Inc., 145 F. Supp. 2d 819, 824 (W.D. Tex. 2000) (*quoting Desny v. Wilder*, 299 P.2d 257, 270 (Cal. 1956)). ("the submission of an idea alone will not create an implied contract"). Keane alleged that he simply mailed a copy of his "sales packet" to companies listed by *Variety* as attending a trade show and with whom he had no prior dealings. He revealed his concept in a mass-mailing to scores of companies without (1) first conditioning receipt of his "descriptive sales packet" upon the recipients' agreement to assume a contractual obligation to him and (2) without the recipients' having the opportunity to decline acceptance of the "descriptive sales packet" and a contractual obligation to him. As a result, his own pleading establishes that he failed to do more than merely submit an idea, and therefore cannot satisfy the requirements for an implied-in-fact contract.

Moreover, the Fifth Circuit's holding in this case does not conflict with *Whitfield v. Lear*, 751 F.2d 90 (2d Cir. 1984). In *Whitfield*, the Second Circuit, relying on *Desny*, held that allegations of industry custom may be sufficient to defeat summary judgment on an implied contract claim where there had been prior bargaining and statements acknowledging that the submitter's ideas were not freely appropriable. *See Whitfield*, 751 F.2d at 93. The differences between *Whitfield* and Keane's case could not be more sharply drawn. Keane unilaterally mass-mailed his "descriptive sales packet" to complete strangers. Keane's submission was not made in confidence, and he alleged no contacts – let alone bargaining – with any defendant before or after he mailed the "sales packet." Accordingly, the Fifth Circuit's adjudication of Keane's implied-in-fact contract claim does not conflict with any other circuit's holding.

D. The Fifth Circuit's adjudication of Keane's trade secret claims was proper because Keane failed to allege confidentiality.

The Fifth Circuit's determination that Keane's gratuitous and unsolicited disclosure of his television show idea negated any expectation of confidentiality is consistent with decisions in the Fifth Circuit and other jurisdictions. This stands to reason – in every jurisdiction that respondent is aware, confidentiality is the *sine qua non* of a trade secret case. Because Keane "blurted out" his secret in such a careless way, his trade secret claim failed.

Moreover, the Fifth Circuit's decision does not conflict with the cases cited by petitioner. In *Burten v. Milton Bradley Co.*, 763 F.2d 461, 463 (1st Cir. 1985), the First Circuit held that the required element of confidentiality was satisfied where the parties executed a "Disclosure Record form" prior to revealing trade secret. Likewise, in *A.L. Laboratories, Inc. v. Philips Roxane, Inc.*, 803 F.2d 378 (8th Cir. 1986), the parties had executed an agreement governing their relationship with respect to confidential testing data. As Keane's allegations in his Complaint make clear, the parties to this case have never executed, let alone negotiated, any type of agreement. Accordingly, because the Fifth Circuit found Keane's disclosure to be unsolicited and without the hallmarks of a confidential relationship, there is no conflict with the decisions of the First and Eighth Circuits.

Nor does any prior Fifth Circuit authority present a conflict. There are material differences between Keane's allegations and the facts of *Capital Films v. Charles Fries Productions, Inc.*, 628 F.2d 387 (5th Cir. 1980), the case on which Keane relies. In *Capital Films*, the defendants included a film distributor for whom the plaintiff had

screened a movie. After the screening, the film distributor and other defendants released a movie with the same title and subject matter and the Court stated "that, under certain circumstances, the practice of screening movies can support a jury's finding of 'confidential relationship.'" *Id.* at 395. Here, however, Keane did not invite Pearson TV Int. to a screening or even to a meeting to discuss his idea. While the defendant in *Capital Films* had the chance to decline to attend the screening and presumably knew of the consequences of attending, here Keane simply mailed his "descriptive sales packet" to Pearson TV Int. and the other companies who, per *Variety*, hoped to sell movies and television shows at MIP. Nothing in *Capital Films* suggests that an unsolicited mass publication of a television show idea imposes on the recipients an implied duty of confidentiality.

III. THE AWARD OF $130,000 IN ATTORNEY'S FEES WAS NOT A SANCTION AGAINST JUST KEANE'S ATTORNEYS, AND THEREFORE, NO DUE PROCESS RIGHTS WERE VIOLATED.

Petitioner asserts that the award of $130,000 in attorney's fees runs afoul of Federal Rule of Civil Procedure 11 and the due process clause of the Fifth Amendment. However, petitioner misapprehends both the scope of Rule 11 and the basis for the attorney's fee award affirmed by the Fifth Circuit.

Keane correctly notes that Rule 11(c)(2)(A) prohibits a sanction against a represented party for the filing of a claim not warranted by existing law. However, the Fifth Circuit did not hold that Keane's claims did not exist at law; rather, the Fifth Circuit found that his pleadings and allegations did not support his claims as a matter of law.

Moreover, the award of attorney's fees does not implicate Rule 11 or the Due Process clause because the award was based on statutory authority for conduct by the party, not his attorney. First, as noted above in Section I, the FMNA Defendants were the "prevailing parties" on Keane's Copyright Act claims, and therefore were entitled to an award of attorney's fees. Second, because the Fifth Circuit agreed with the district court's determination that Keane had proceeded in bad faith, fees were awarded under the Lanham Act as well.

While the district court did find that Keane's attorneys violated Rule 11(b) by failing to make a reasonable factual investigation, the fact that Keane retained lawyers who were willing to act outside the bounds of Rule 11 does not insulate Keane from a finding of bad faith. Appendix E at 65. Specifically, Keane consented to his attorney's pursuit of a copyright claim when he knew he had no registration for "American Idol." Moreover, Keane did not supply to necessary certificates, registrations, advertising collateral, and other documents necessary to make a reasonable investigation into his claim. Accordingly, the award of fees for Keane's bad faith is supported in the record. The fact that Keane's attorneys also acted in bad faith does not implicate Keane's rights under the Fifth Amendment.

CONCLUSION

For all the reasons set forth in this Brief in Opposition, Respondents respectfully request that the Supreme Court deny review of this matter.

Respectfully submitted,

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